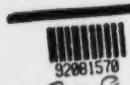

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended February 29, 1992 Commission File Number 0-19088

SCIGENICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-3113567
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
87 CambridgePark Drive, Cambridge, MA	02140
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code (617) 876-1170

None
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

2,090,909 shares of Common Stock-par value $.01 were outstanding on April 13, 1992.

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SCIGENICS, INC.

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SCIGENICS, INC.
(A Development Stage Enterprise)
BALANCE SHEETS
AS OF FEBRUARY 29, 1992 AND NOVEMBER 30, 1991

(In thousands except share data)

ASSETS

	February 29, 1992 (unaudited)	November 30, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$20,533	$22,397
Marketable securities	5,779	5,892
Other current assets	94	223
Total Assets	$26,406	$28,512

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable to Genetics Institute, Inc.	$ 4	$ 189
Accrued expenses	79	143
Total Current Liabilities	83	332
LONG-TERM DEBT (Note 3)	-	-
SHAREHOLDERS' EQUITY (Note 3):		
Callable common stock, par value $.01; authorized 2,500,000 shares; issued and outstanding 2,090,909 shares	21	21
Additional paid-in capital	41,974	41,974
Accumulated deficit	(15,672)	(13,815)
Total Shareholders' Equity	26,323	28,180
Total Liabilities and Shareholders' Equity	$26,406	$28,512

The accompanying notes are an integral part of these financial statements.

SCIGENICS, INC.
(A Development Stage Enterprise)
STATEMENTS OF OPERATIONS

(In thousands except share data)

	Three Months Ended February 29, 1992 (unaudited)	Cumulative from Inception (March 1, 1991) (unaudited)
Interest Income	$ 357	$ 1,331
Costs and Expenses:		
License fee	-	2,500
Research and development expenses	2,119	14,146
General and administrative expenses	95	357
Total Operating Expenses	2,214	17,003
Net Loss	$ (1,857)	$ (15,672)
Net Loss per Callable Common Share	$ (0.89)	$ (7.50)
Weighted Average Callable Common Shares Outstanding	2,090,909	2,090,909

The accompanying notes are an integral part of these financial statements.

SCIGENICS, INC.
(A Development Stage Enterprise)
STATEMENTS OF CASH FLOWS

(In thousands)

	Three Months Ended February 29, 1992 (unaudited)	Cumulative from Inception (March 1, 1991) (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,857)	$(15,672)
Changes in assets and liabilities -		
Other current assets	129	(94)
Accounts payable to Genetics Institute, Inc.	(185)	4
Accrued expenses	(64)	79
Total Adjustments	(120)	(11)
Net cash used by operating activities	(1,977)	(15,683)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	-	(5,892)
Proceeds from sale of marketable securities	113	113
Proceeds from stock offering, net	-	41,995
Net cash provided in investing activities	113	36,216
Net (decrease)/increase in cash and cash equivalents	(1,864)	20,533
Cash and cash equivalents, beginning of period	22,397	-
Cash and cash equivalents, end of period	$20,533	$20,533

The accompanying notes are an integral part of these financial statements.

SCIGENICS, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 1992
(unaudited)

1. Basis of Presentation

SciGenics, Inc. (the "Company") was incorporated on March 1, 1991. The Company commenced operations on May 31, 1991, to engage in the clinical evaluation and continued development of recombinant human macrophage colony stimulating factor (M-CSF) in North America and early stage research and development of embryonic growth and regulatory proteins (EGRP Factors) worldwide (the "Programs").

The balance sheet as of February 29, 1992 and the statement of operations for the three months ended February 29, 1992 and the statement of cash flows for the three months ended February 29, 1992 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of these financial statements have been included. Such adjustments consist only of normal recurring items.

2. Initial Public Offering

On May 31, 1991 the Company sold 2,090,909 shares of callable common stock to the public which resulted in net proceeds to the Company of approximately $42 million. Substantially all of the proceeds from the sale will be used to fund research and development activities at Genetics Institute, Inc. ("Genetics Institute") involving M-CSF and EGRP Factors. The shares of callable common stock of SciGenics are subject to a stock purchase option agreement (defined in note 3) pursuant to which Genetics Institute may purchase all (but not less than all) of such shares from holders thereof at stated exercise prices, which increase over time, until expiration of the option on February 28, 1995 (subject to extension through May 31, 1996 in certain circumstances).

3. Agreements and Relationship with Genetics Institute

Development Agreement

The Company has an agreement (the "Development Agreement") with Genetics Institute, under which the Company is obligated to reimburse Genetics Institute for its cost of conducting research and development of the Company's products, M-CSF and EGRP Factors, including $2.1 million incurred by Genetics Institute during the three months ended February 29, 1992.

As of December 31, 1991, Genetics Institute began paying the sum of $1.00 toward development and clinical trials conducted in the M-CSF Program for each $1.00 paid by the Company to Genetics Institute under the Development Agreement, and has agreed to continue up to a maximum of $20.0 million (the "Funding Commitment"). Genetics Institute may terminate the Funding Commitment, in which event, the Program Purchase Option with respect to the M-CSF Program and the Stock Purchase Option (as defined below) will terminate. Assuming that the Funding Commitment is not terminated, it is expected that the amounts payable by the Company to Genetics Institute under the Development Agreement will be fully expended by November 30, 1994. Substantial additional funds will be required to complete the research and development of and to commercialize M-CSF and the EGRP Factors.

SCIGENICS, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 1992
(unaudited)

Technology License Agreement

The Company has an agreement (the "Technology License Agreement") with Genetics Institute under which Genetics Institute granted to the Company an exclusive right and license to certain patent and technology rights for the research, development, use, manufacture and sale of M-CSF in North America and EGRP Factors worldwide for all purposes other than for the inducement, formation, growth, repair, regeneration or treatment of human or animal bone or cartilage.

Stock Purchase Option Agreement

The shares of callable common stock outstanding are subject to a stock purchase option agreement pursuant to which Genetics Institute may purchase all, but not less than all, of such shares of callable common stock from the holders thereof at stated exercise prices, subject to certain adjustments, which increase over time, until expiration of the option on February 28, 1995. The stock purchase option may be extended through no later than May 31, 1996 if and so long as Genetics Institute continues to fund the programs. The stock purchase option exercise price may be paid in cash, in shares of Genetics Institute Common Stock, or in any combination thereof, at Genetics Institute's discretion, generally within 60 days after exercise of the stock purchase option. The exercise periods and related payment that must be made to exercise the stock purchase option are as follows:

Exercise Period	Payment Per Share (2)
On or before May 31,1993	$33.48
From June 1, 1993 to May 31, 1994	41.61
From June 1, 1994 to May 31, 1995 (1)	54.04
From June 1, 1995 to May 31, 1996 (1)	69.83

(1) Continuation of the stock purchase option after February 28, 1995 is contingent upon the continued funding of the programs by Genetics Institute if, as expected, the amounts payable by the Company under the Development Agreement have been fully expended.

(2) From and after the exercise of either program purchase option, the aggregate stock purchase option exercise prices shall be adjusted by deducting amounts (including benchmark payments) paid to the Company pursuant to the exercise of the program purchase price.

Program Purchase Option Agreement

The Company granted to Genetics Institute an option to purchase either or both of the Company's programs at stated exercise prices, which increase over time, until expiration of the option on February 28, 1995. The program purchase option may be extended through no later than May 31, 1996 if and so long as Genetics Institute continues to fund the programs. If Genetics Institute exercises the program purchase option for either program, its program purchase option for the remaining program shall terminate; however, the stock purchase option, with an adjusted stock option exercise price, will remain in effect. The program purchase option exercise price may be paid in

cash, in shares of Genetics Institute Common Stock, or any combination thereof, at Genetics Institute's discretion, generally within 60 days after exercise of the programs purchase option. The exercise periods and program purchase option exercise price for each program are as follows:

	Program Purchase Exercise Price	
Exercise Period	M-CSF	EGRP
On or before May 31, 1993	$ 57,500,000	$ 28,750,000
From June 1, 1993 to May 31, 1994	78,200,000	34,500,000
From June 1, 1994 to May 31, 1995 (1)	103,500,000	40,250,000
From June 1, 1995 to May 31, 1996 (1)	131,100,000	46,000,000

(1) Continuation of the program purchase option for each program after February 28, 1995 is contingent upon funding of such program by Genetics Institute if, as expected, the amounts payable by the Company under the Development Agreement have been fully expended.

If Genetics Institute exercises the program purchase option for the EGRP program, Genetics Institute shall pay to SciGenics, in addition to the applicable amount set forth above, $4 million (a benchmark payment) for each EGRP Factor that is identified by Genetics Institute prior to November 30, 1996 and that enters Phase I clinical trials prior to November 30, 2001, provided that (i) no such benchmark payment shall be payable with respect to the first such EGRP Factor that enters Phase I clinical trials and (ii) the maximum aggregate of benchmark payments required to be paid by Genetics Institute shall be $20 million. In the event that Genetics Institute exercises the stock purchase option, no further benchmark payments are required to be made. The program purchase exercise price and any benchmark payment may be paid in cash, in shares of Genetics Institute Common Stock, or in any combination thereof, at Genetics Institute's discretion. Such payments may, but are not required to be used for the further development of the programs.

Services Agreement

The Company has an agreement (the "Services Agreement") with Genetics Institute, pursuant to which Genetics Institute has agreed to provide certain services, including financial, legal and administrative services, to the Company on a fully burdened cost reimbursement basis.

Long Term Debt

The Company has issued a Promissory Note in the principal amount of $100 to Genetics Institute. The note is due on the day following termination of the stock purchase option agreement and may not be prepaid. While the note is outstanding, Genetics Institute has the right to elect the maximum number of directors constituting a minority of the members of SciGenic's Board of Directors and SciGenics may not issue additional capital stock, borrow more than $1 million in the aggregate, declare or pay dividends utilizing funds committed to be paid to Genetics Institute under the Development Agreement or Technology Licensing Agreement, merge, liquidate or sell all or substantially all of its assets without the approval of Genetics Institute.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

SciGenics, Inc. commenced operations on May 31, 1991 and received approximately $42 million upon issuance of 2,090,909 shares of its callable common stock and warrants to purchase 2,090,909 shares of Genetics Institute Common Stock. SciGenics expects to use substantially all of the net proceeds from this offering to engage Genetics Institute to conduct clinical evaluation and continued development of M-CSF and early stage research and development of EGRP Factors.

The shares of callable common stock of SciGenics are subject to an option (the "Stock Purchase Option") pursuant to which Genetics Institute may purchase all (but not less than all) of such shares from the holders thereof at stated exercise prices, which increase over time, until expiration of the option on February 28, 1995. Genetics Institute also has the option to acquire all technology and related rights of SciGenics under either or both of the programs (the "Program Purchase Option").

Significant volatility has been associated with the business and operations of biopharmaceutical companies. Announcements by the Company or its competitors concerning technological innovations, new commercial products, results of clinical trials, developments concerning patents or proprietary rights, results of litigation, the expense and time associated with obtaining requisite government approvals, and public concern as to the safety of biopharmaceuticals may have a significant impact on the Company's business.

Results of Operations

Three Months Ended February 29, 1992. The Company's net loss was $1.9 million or $0.89 per callable common share, for the three months ended February 29, 1992. This loss consisted primarily of expenses incurred under the Development Agreement. Future results are expected to reflect lower interest income as the available cash and marketable securities are used to fund operations.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". The Company intends to adopt the new standard before November 30, 1994, but has not yet determined the timing or method to be used in adoption. The Company does not expect the new standard to have a significant impact on future operations.

Liquidity and Capital Resources

It is expected that the proceeds of SciGenics' public offering will be exhausted in 1994. As of December 31, 1991, Genetics Institute began paying the sum of $1.00 toward development and clinical trials conducted in the M-CSF Program for each $1.00 paid by the Company to Genetics Institute under the Development Agreement, and has agreed to continue up to a maximum of $20.0 million (the "Funding Commitment"). Genetics Institute may terminate the Funding Commitment, in which event, the Program Purchase Option with respect to the M-CSF Program and the Stock Purchase Option (as defined below) will terminate. Assuming that the Funding Commitment is not terminated, it is expected that the amounts payable by the Company to Genetics Institute under the Development Agreement will be fully expended by November 30, 1994. Substantial additional funds are expected to be required to complete the development of and to commercialize M-CSF and to complete research, development and commercialization of any EGRP Factors. If Genetics Institute does not exercise the stock purchase option and to the extent Genetics Institute does not exercise any of the program purchase options, SciGenics will need to find other ways to commercialize the products. If the Genetics Institute Funding Commitment is terminated, the proceeds of SciGenics' public offering could be exhausted substantially sooner than 1994. In any event, there can be no assurance that additional funding will be available to SciGenics on acceptable terms, if at all.

SciGenics will experience significant losses as substantially all of the net proceeds of the public offering are expected to be spent to fund the programs. It is anticipated that SciGenics will not receive any significant revenues unless and until either (i) Genetics Institute exercises one of the program purchase options or (ii) to the extent that Genetics Institute does not exercise either program purchase option, SciGenics successfully commercializes its products.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) No exhibits are filed herewith.

(b) No reports on Form 8-K were filed by the registrant during the first fiscal quarter ended February 29, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCIGENICS, INC.
(Registrant)

Date: April 13, 1992

Gabriel Schmergel

Gabriel Schmergel, Chairman
(Principal Executive Officer)

Date: April 13, 1992

Garen G. Bohlin

Garen G. Bohlin,
Vice President and Secretary
(Principal Financial Officer and
Principal Accounting Officer)